

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 28, 2010
POSITION: Oppose
SPONSOR: California Medical Association

BILL NUMBER: AB 2586
AUTHOR: W. Chesbro

BILL SUMMARY: Health Care Coverage: Network Modification

Under existing law, the Department of Managed Health Care (DMHC) and the Department of Insurance (DOI) are responsible for the licensure and regulation of health care service plans and insurers, respectively.

Existing law requires health service plans and insurers to receive approval of their respective regulators prior to a material modification of their plans or operations, including specific action prior to terminating a contract with a provider. Existing law also imposes specific requirements regarding accessibility of services offered by health plans and insurers.

Most notably, this bill would:

- Expand the list, provided by request to an enrollee, of contracting providers to include additional information regarding hospital-based physicians, the specialty of each and the hospital where the physician is contracted to provide services.
- Require the provider list to indicate which providers have closed practices or are not accepting new patients.
- Prohibit the list from including contracted providers who are deceased, retired, or who are otherwise not practicing in the service area. Permits regulators to assess additional fines and penalties for each violation of these provisions including suspension and revocation of a carrier's license and makes a provider entitled to recover, in a civil action, damages arising from a carrier's violation of these provisions.

FISCAL SUMMARY

The DMHC indicates it would have significant costs that are unknown at this time.

The DOI indicates its costs would be approximately \$300,000 on an ongoing basis and 2.5 positions.

COMMENTS

Finance is opposed to this bill for the following reason:

- Existing law already requires health care service plans and insurers to make similar information on health services available to enrollees. Unnecessarily expanding these requirements adds to the administrative cost of delivering affordable healthcare and jeopardizes access as this cost is passed along to consumers.

Analyst/Principal (0761) C. Hill	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL NUMBER

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		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP							Fund
Type		RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
2400/MngedHltCare		SO	No		-----	See Fiscal Analysis	-----			0933
0845/Insurance		SO	No		--	C	\$305	C	\$305	0217
<u>Fund Code</u>	<u>Title</u>									
0217	Insurance Fund									
0933	Managed Care Fund									